

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

BARBARA M. CRUSHSHON and
TIMOTHY J. SHIELDS,

Case No. 23-CV-0149 (PJS/SGE)

Plaintiffs,

v.

ORDER

PHH MORTGAGE CORPORATION, *doing*
business as PHH Mortgage Services,

Defendant.

Timothy J. Shields, SHIELDS LEGAL SERVICES, P.A., for plaintiffs.

Kristina Kaluza, DYKEMA GOSSETT PLLC, for defendant.

Plaintiffs Barbara M. Crushshon and Timothy J. Shields brought this breach-of-contract action against defendant PHH Mortgage Corporation (“PHH”) seeking to resolve their deceased mother’s reverse mortgage on the family home. This matter is before the Court on the parties’ cross-motions for summary judgment. For the reasons stated on the record at the May 14, 2025, hearing, and briefly summarized below, plaintiffs’ motion is denied and PHH’s motion is granted.

In 2005, Therese Shields (plaintiffs’ mother) obtained a reverse mortgage on her home in Richfield, Minnesota. After receiving payments totaling roughly \$220,000 from the mortgagee over the years, Therese passed away in 2014. Plaintiffs then contacted Deval LLC—the loan servicer at the time—to attempt to arrange an heir payoff of the

mortgage at 95% of the appraised value of the home (which plaintiffs asserted was \$115,000). The heir payoff was never completed, however, for reasons that are far from clear. As plaintiffs would have it, the heir payoff was not implemented because of wrongful conduct by Deval and its immediate successor as loan servicer, Novad Management Consulting LLC (“Novad”). In 2021, PHH took over as loan servicer; it was the latest in a long string of loan servicers—a string that, as noted, included Deval and Novad.

In their complaint, plaintiffs allege that PHH breached the 2005 mortgage contract¹ and ask the Court to order an heir payoff at the 2014 appraisal price, which is drastically below the current market price. But plaintiffs struggle to identify a breach of the 2005 contract by *PHH* (as opposed to by the mortgagee or an earlier servicer), and, having reviewed the contract and the evidence cited by the parties, the Court finds no evidence that PHH violated the contract’s terms. Indeed, PHH had no connection with the mortgage until 2021, seven years after plaintiffs sought to arrange an heir payoff with Deval.

Equally fatal to their claim, plaintiffs assert that PHH has no interest in the mortgage, nor any power to enforce the mortgage, because HUD is the sole mortgagee, and PHH does not represent HUD. *See* ECF No. 107 at 37. If plaintiffs are correct, the

¹Plaintiffs have dropped any claims asserting violations of HUD regulations. *See* ECF No. 107 at 42.

Court obviously cannot order PHH to accept an heir payoff on a mortgage in which it has no interest. Further, while plaintiffs maintain that HUD is the sole mortgagee, PHH maintains that a company named Cascade (which allegedly employed PHH to service the mortgage) holds the mortgage on the home. *Id.* at 8. (PHH is not certain if HUD also holds a mortgage.)

The problem is obvious: To get the relief they seek, plaintiffs need to sue the current mortgagee. Plaintiffs and PHH disagree about the identity of that mortgagee, but they agree that it is not PHH. PHH is the only defendant to this action. Because the Court can obviously not order *PHH* to accept 95% of the 2014 value of the home in satisfaction of a mortgage that it does not hold, the breach-of-contract claim that plaintiffs assert in their claim against PHH cannot succeed. Therefore, the Court grants PHH's motion for summary judgment and denies plaintiffs' cross-motion for summary judgment.

ORDER

Based on the foregoing, and on all of the files, records, and proceedings herein, IT IS HEREBY ORDERED THAT:

1. Defendant's motion for summary judgment [ECF No. 94] is GRANTED.
2. Plaintiffs' motion for summary judgment [ECF No. 101] is DENIED.

3. The complaint [ECF No. 1-1] is DISMISSED WITH PREJUDICE AND ON
THE MERITS.

LET JUDGMENT BE ENTERED ACCORDINGLY.

Dated: May 16, 2025

/s/ Patrick J. Schiltz
Patrick J. Schiltz, Chief Judge
United States District Court